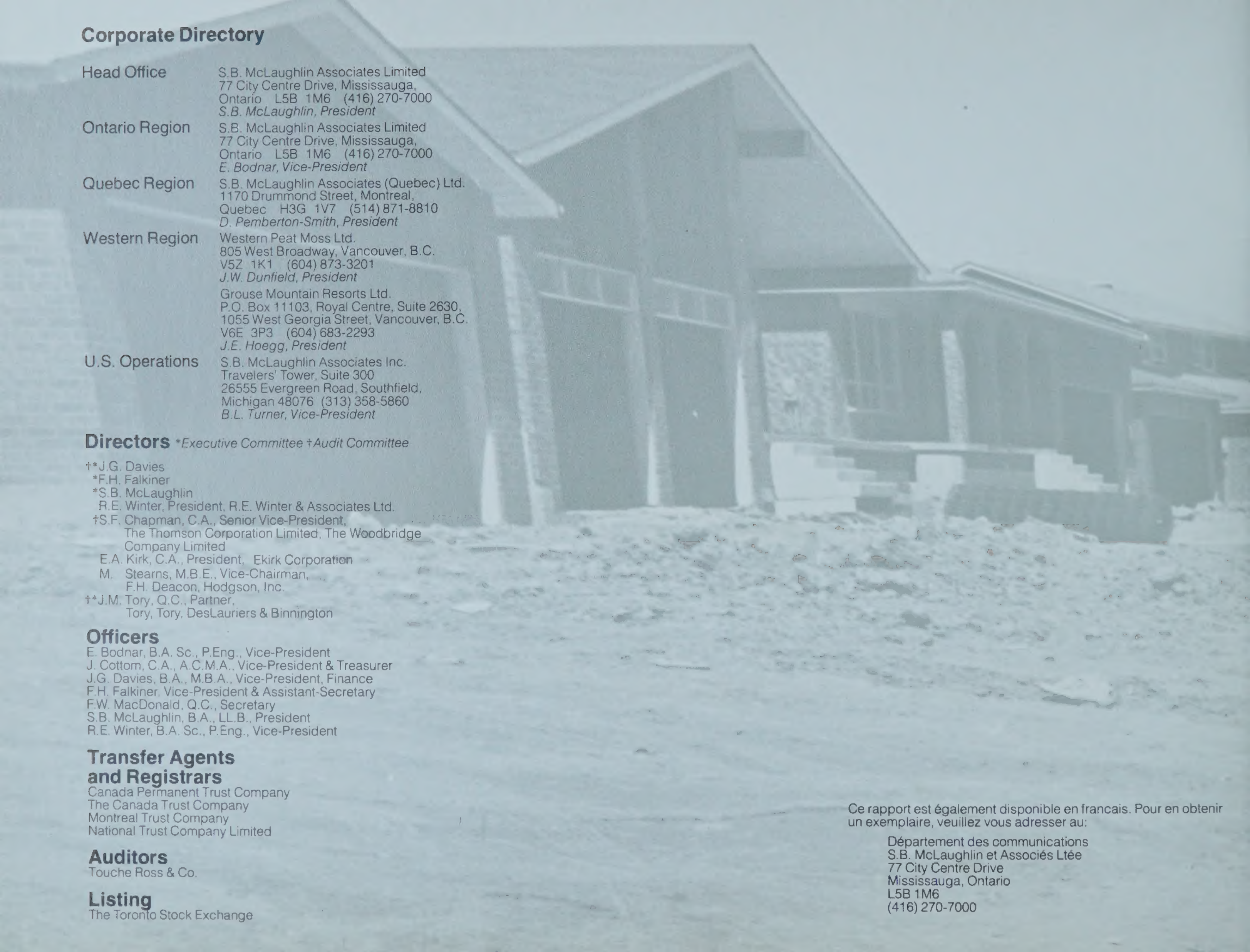
S.B. McLaughlin Associates Limited

Annual Report 1976



Corporate Directory

Head Office	S.B. McLaughlin Associates Limited 77 City Centre Drive, Mississauga, Ontario L5B 1M6 (416) 270-7000 *S.B. McLaughlin, President*
Ontario Region	S.B. McLaughlin Associates Limited 77 City Centre Drive, Mississauga, Ontario L5B 1M6 (416) 270-7000 *E. Bodnar, Vice-President*
Quebec Region	S.B. McLaughlin Associates (Quebec) Ltd. 1170 Drummond Street, Montreal, Quebec H3G 1V7 (514) 871-8810 *D. Pemberton-Smith, President*
Western Region	Western Peat Moss Ltd. 805 West Broadway, Vancouver, B.C. V5Z 1K1 (604) 873-3201 *J.W. Dunfield, President*
	Grouse Mountain Resorts Ltd. P.O. Box 11103, Royal Centre, Suite 2630, 1055 West Georgia Street, Vancouver, B.C. V6E 3P3 (604) 683-2293 *J.E. Hoegg, President*
U.S. Operations	S.B. McLaughlin Associates Inc. Travelers' Tower, Suite 300 26555 Evergreen Road, Southfield, Michigan 48076 (313) 358-5860 *B.L. Turner, Vice-President*

Directors **Executive Committee †Audit Committee*

†*J.G. Davies
*F.H. Falkiner
*S.B. McLaughlin
R.E. Winter, President, R.E. Winter & Associates Ltd.
†S.F. Chapman, C.A., Senior Vice-President,
The Thomson Corporation Limited, The Woodbridge Company Limited
E.A. Kirk, C.A., President, Ekirk Corporation
M. Stearns, M.B.E., Vice-Chairman,
F.H. Deacon, Hodgson, Inc.
†*J.M. Tory, Q.C., Partner,
Tory, Tory, DesLauriers & Binnington

Officers

E. Bodnar, B.A. Sc., P.Eng., Vice-President
J. Cottom, C.A., A.C.M.A., Vice-President & Treasurer
J.G. Davies, B.A., M.B.A., Vice-President, Finance
F.H. Falkiner, Vice-President & Assistant-Secretary
F.W. MacDonald, Q.C., Secretary
S.B. McLaughlin, B.A., LL.B., President
R.E. Winter, B.A. Sc., P.Eng., Vice-President

Transfer Agents and Registrars

Canada Permanent Trust Company
The Canada Trust Company
Montreal Trust Company
National Trust Company Limited

Auditors

Touche Ross & Co.

Listing

The Toronto Stock Exchange

Ce rapport est également disponible en francais. Pour en obtenir un exemplaire, veuillez vous adresser au:

Département des communications
S.B. McLaughlin et Associés Ltée
77 City Centre Drive
Mississauga, Ontario
L5B 1M6
(416) 270-7000

Five Year Review

	1976	1975	1974	1973	1972
Total Assets	$242,373,000	$256,402,000	$226,756,000	$169,679,000	$107,610,000
Net Earnings (Loss)	*(11,167,000)	3,930,000	2,254,000	3,224,000	4,864,000
Earnings (Loss) Per Share	*(3.82)	1.35	.78	1.22	1.93
Cash Flow from Operations	10,297,000	9,141,000	5,637,000	6,861,000	9,589,000
Cash Flow Per Share	3.52	3.14	1.95	2.59	3.78
Shareholders' Equity	22,061,000	33,228,000	28,947,000	26,651,000	17,574,000
Number of Shares Outstanding at Year End	2,926,045	2,926,045	2,890,900	2,887,775	2,558,693

		Per Share
*1976 Earnings (loss)		
From operations	$ 4,566,000	1.56
Provision for reduction in value of assets	(15,733,000)	(5.38)
Net loss	(11,167,000)	(3.82)

To the Shareholders

Shareholders should note that the financial statements of the Company for the year ended December 31, 1976 include a provision for the possible reduction in the realizable value of certain properties held by the Company. Your Directors feel that the establishment of this provision at this time is the most conservative accounting presentation of our financial results in view of the current economic and political climate, and particularly in view of the difficulties we have experienced with our hotel project in Montreal.

Before giving effect to the establishment of the provision referred to above, earnings from operations for the year ended December 31, 1976 increased to $4,566,000 or $1.56 per share from $3,930,000 or $1.35 per share in the previous fiscal year. The increase in earnings from operations is highly satisfactory when viewed against the background of the extremely difficult circumstances which affected our business during 1976. Gross income for the year increased from $61,091,000 in 1975 to $72,522,000 in 1976.

After giving effect to the provision for the possible reduction in the net realizable value of certain properties, the Company recorded a loss of $11,167,000 equivalent to a loss of $3.82 per share for the year ended December 31, 1976.

In order to more fully understand the nature of the provision referred to above, shareholders should appreciate that the Company records the value of its assets at the lower of cost or net realizable value as stated in Note 1 to the Financial Statements. The provision for the possible reduction in the realizable value of certain assets has the effect of reducing the value at which those assets are carried on the books of the Company. Consequently, the Company's individual assets are conservatively stated on its financial statements. Shareholders should, however, appreciate that the current value of the Company's real estate holdings is substantially in excess of book value. None of this unrealized appreciation has been reflected in the financial statements.

The fiscal year just ended proved to be one of the most difficult in the history of the Company. Unfortunately, the problems encountered during the year overshadowed many positive achievements in the same period.

In 1976 the Company encountered severe difficulties with its hotel project in Montreal, which led to a decision by the Board of Directors in October, 1976 to cease construction on the project until satisfactory operating and financing arrangements were negotiated. Early in 1977 we announced that we had concluded an agreement with a respected hotel operator to manage the hotel. We do not, however, intend to proceed with construction of the project until satisfactory financing is arranged. All encumbrances against the property have now been satisfied and management intends to explore every alternative to maximize the recovery of the investment the Company has made to date in the project. While we are optimistic that our commitment to this project will ultimately be justified, we have made a provision this year in our financial statements for a large possible reduction in the net realizable value of the project.

The Company holds other property in downtown Montreal in close proximity to the hotel project site, and components of a land assembly north west of Montreal. While we are satisfied as to the long-term development potential of these holdings, conditions in the real estate market in

1. Mississauga City Centre looking towards downtown Toronto.

2. The interior of the new atrium building nears completion for a July 1977 opening.

the Province of Quebec have been unsettled for some period of time, due more to economic than political factors, and to be conservative, we have included a provision for possible reductions in the net realizable value of these properties.

Your Company holds a 64% interest in Grouse Mountain Resorts Ltd. For its fiscal year ended October 31, 1976, Grouse recorded a modest profit as a result of a mediocre ski season during the winter of 1975/76 and poor weather conditions in the summer of 1976. During its latest fiscal year, Grouse was in the midst of a $7,500,000 construction program to significantly improve transportation access and skiing facilities on the mountain. However, Grouse will experience substantial losses from the operation of its ski business as a result of unprecedented mild weather conditions on the West Coast during the 1976-77 ski season. Grouse is attempting to obtain approval for the development of 424 housing units on a 128 acre property at the base of the Skyride. If approval is obtained to develop this property, earnings from this development will do much to offset the adverse impact that the poor 1976/77 ski season has had on the financial position of Grouse. Over the longer term we expect that the development of some portion of the real estate holdings of Grouse will reduce the dependence on ski operations as its only source of income. In light of the immediate uncertainties, we have made provision for a reduction in the value at which we carry our investment in Grouse Mountain Resorts Ltd. in our 1976 financial statements.

In Southfield, Michigan, the Company has been attempting to obtain approval to develop an integrated commercial and residential project on a 50 acre parcel owned and controlled by the Company. In view of delays experienced to December 31, 1976 in obtaining approvals to develop this property, we have made a provision for a possible reduction in the net realizable value of this asset. However, since December, 1976 we have made significant progress in obtaining a building permit for an apartment building and a retail/commercial building on a portion of the property. We are hopeful of obtaining permits for these buildings before the end of 1977.

Late in November, 1975 the Company commenced to market our Parkway Terrace condominium units and entered our 1976 fiscal year with an inventory of 350 unsold units. By the end of our 1976 fiscal year 114 units had been sold and an additional 53 units have been sold to date in 1977. The condominium corporation was registered in September, 1976. Sales of condominium units have improved generally in the Metropolitan Toronto area in recent months, and with a new aggressive marketing program this project is expected to be substantially sold out by the end of the current year.

For a period of time an objective of management has been to rationalize and consolidate the real estate holdings of the Company. In the latest fiscal year we disposed of a number of properties including a small shopping centre site, an industrial property, miscellaneous properties in Caledon, our unused hotel property in Windsor and the Southgate Towers apartments. In aggregate we were successful in disposing of these properties at prices in excess of their net book values so as to record a modest contribution to profit on the transactions. Management intends to continue this rationalization process and additional transactions are contemplated in the current fiscal year.

In 1974 the Company entered into a joint venture with Gatineau-Westgate (1974) Inc. to develop a number of parcels of land in the Ottawa/Hull area. During the year assets of some $11 million were disposed of at approximately book value and at the end of 1976 the partnership held assets totalling $6 million in which we held a 50% interest. We expect that the liquidation of this joint venture will be completed during the current fiscal year.

In June, 1976 we disposed of our 50% joint venture interest in property located in Markham and a 100 acre parcel in Mississauga.

In June, 1976 the Company registered a 121 acre residential subdivision plan in Mississauga known as the Meadows East Community. This was the first residential subdivision plan the Company has been able to register in Mississauga since 1972. Servicing of this property is at an advanced stage and substantially all of the lots were sold to builders in the fourth quarter of 1976.

In October, 1976 the Company sold a 50% interest in 385 acres of land in Mississauga and

3. The Square One Shopping Centre on a busy weekend.

4. Promotional packaging for new concentrated peat moss from subsidiary, Western Peat Moss Ltd.

established a joint venture partnership with the Matthews Group Limited, a prominent construction firm based in London, Ontario. The Matthews Group is processing plans for the development of 170 acres of this property to be known as the Woods Community which will contain approximately 2,000 housing units. It is expected that a plan of subdivision will be registered early in 1978. The Matthews Group is also preparing comprehensive plans for development of the remaining 215 acres for residential, industrial, and commercial use. Registration of plans of subdivision in respect to this latter property are expected to occur within the next two or three years.

During the latest fiscal year our Aspen joint venture in Mississauga met expectations. Over the next two years we expect to realize a substantial cash flow from this project.

Your Company owns all of the shares of Western Peat Moss Ltd. and Atlantic Peat Moss Co. Ltd. which produce sphagnum peat moss in New Brunswick, Manitoba and British Columbia for sale to commerical growers and home gardeners in Canada and the United States. The operating results of these companies during the latest fiscal year were highly satisfactory. As a result of the success of a capital expansion program undertaken in 1975 and its effect on market penetration and profitability, we are reviewing capital expenditure proposals to increase production capacity significantly, over the next five years and, accordingly, expand on the initiative already gained. A substantial portion of the cost of the required capital expenditures will be met out of internally generated funds.

We are pleased to report that the Company's Square One Shopping Centre made a satisfactory contribution to earnings from operations during the year. This dynamic regional shopping centre is the focal point of our Mississauga City Centre Project. In May, 1976 we commenced construction of the fifth office building on this site, the 250,000 square foot Atrium Building. In addition to the Square One Shopping Centre your Company retains ownership of three of the five office buildings located here. Construction of the Atrium Building is nearing completion and leasing is at a sufficiently advanced stage to justify the preparation of plans to construct another office building on this site.

In difficult times, such as the Company experienced in its latest fiscal year, there is a tendency to overlook the special contribution of each employee of the Company. This report would not be complete without recognizing the dedication and extraordinary efforts of our employees.

In addition, E. A. Kirk, who for many years served as an executive of the Company and most recently as a Director, has retired from the Board of Directors. Mr. Kirk is now participating directly in the property development business, and we wish to thank him for his past efforts on the Company's behalf and to wish him well in his new endeavours.

Finally, shareholders should be aware that it is now the policy of the Company to limit growth and realize upon present projects, which the Directors feel is in the best interest of the Company and all shareholders.

S.B. McLaughlin
President

May 30, 1977.

Auditors' Report

The Shareholders,
S.B. McLaughlin Associates Limited.

We have examined the consolidated balance sheet of S.B. McLaughlin Associates Limited as at December 31, 1976 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1976 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Mississauga, Ontario,
May 19, 1977.

Touche Ross & Co.
Chartered Accountants

S.B. McLaughlin Associates Limited

Consolidated Balance Sheet

December 31

	Note	1976 ($000's)	1975 ($000's)
Assets			
Income properties			
Commercial and residential buildings	4	$ 60,681	$ 72,373
Other income producing properties	4	22,759	17,392
Land			
Held for development		82,986	96,336
Under development		11,013	9,692
Residential properties under construction		9,903	14,352
Accounts and mortgages receivable	6	49,317	40,389
Other assets	7	5,714	5,868
		$242,373	$256,402
Liabilities			
Mortgages payable and other term loans	8	$134,840	$134,298
Funded debt	9	22,812	22,866
Bank indebtedness	10	31,359	27,714
Accounts payable and accrued charges		14,028	13,445
Costs to complete subdivision servicing		5,221	1,972
		208,260	200,295
Minority interest in subsidiary company		2,752	2,713
Deferred income taxes		9,300	20,166
Shareholders' equity			
Capital stock			
Authorized—5,000,000 common shares without par value			
Issued —2,926,045 common shares	11	12,985	12,985
Retained earnings		9,076	20,243
		22,061	33,228
		$242,373	$256,402

On behalf of the Board

S.B. McLaughlin, Director

[signature], Director

S.B. McLaughlin Associates Limited

Consolidated Statement of Earnings and Retained Earnings

For the Year ended December 31

	Note	1976 ($000's)	1975 ($000's)
Income			
Sales — land and houses	5	$38,287	$31,182
Revenue			
Commercial and residential buildings		10,348	10,081
Other income producing operations		20,483	17,597
Interest and other income		3,404	2,231
		72,522	61,091
Expenses	14		
Cost of sales — land and houses		30,185	23,635
Operating costs			
Commercial and residential buildings		4,624	4,265
Other income producing operations		17,772	14,652
Interest		8,270	7,365
Administrative and general		1,512	1,640
Depreciation		1,823	1,603
		64,186	53,160
Earnings from operations		8,336	7,931
Income taxes		3,732	3,972
Net earnings before the undernoted		4,604	3,959
Provision for reduction in value of assets (net of related tax effect of $14,267)	3	15,733	—
Net (loss) earnings before minority interest		(11,129)	3,959
Minority interest		38	29
Net (loss) earnings	14	(11,167)	3,930
Retained earnings — beginning of year		20,243	16,313
Retained earnings — end of year		$ 9,076	$20,243

S.B. McLaughlin Associates Limited

Consolidated Statement of Changes in Financial Position

For the Year ended December 31

	1976 ($000's)	1975 ($000's)
Source		
Cash flow from operations*	$10,297	$ 9,141
Term borrowings	488	17,970
Increase in:		
Bank indebtedness	3,645	4,461
Accounts payable and accrued charges	583	1,681
On issue of shares	—	351
	$15,013	$33,604
Use		
Increase in:		
Investment in income properties, land and residential properties under construction	$ 5,729	$18,993
Accounts and mortgages receivable	8,928	11,995
Minority interest acquired	—	1,719
Other change in assets and liabilities	356	897
	$15,013	$33,604
***Cash flow from operations**		
Net (loss) earnings	($11,129)	$ 3,959
Deferred income taxes	(10,535)	3,202
Depreciation and amortization	1,961	1,980
Provision for reduction in value of assets	30,000	—
	$10,297	$ 9,141

December 31, 1976

a) General

The Company is a member of the Canadian Institute of Public Real Estate Companies. The accounting policies followed and financial information disclosure are substantially in accordance with the recommendations of that Institute.

b) Income Properties

These are stated at cost, less accumulated depreciation. A provision for write-down to estimated economic value is provided where necessary. Cost includes an applicable portion of interest, real estate taxes and administrative overhead during the construction period, initial leasing costs and start-up costs (net of rental income) up to the point in time when substantial occupancy has been achieved.

c) Land Held for Development and Land Under Development

These are stated at cost. A provision for write-down to estimated net realizable value is provided where necessary. Cost includes an applicable portion of interest, real estate taxes and administrative costs and is net of miscellaneous revenues from vacant land. In addition, land under development includes the total estimated cost of servicing for which the company is contractually committed under letters of credit issued to municipal authorities.

d) Income Recognition

i) Land Sales

Sales, including sales of partial interests in land, are recorded when the Company has fulfilled all conditions required of it to consummate the sale.

ii) Housing Sales

Detached and semi-detached units — sales are recorded when title passes to purchaser.

Condominium units — sales are recorded at the date of first closing, when the purchaser is entitled to possession, has undertaken to assume the mortgage, and has deposited the balance of the purchase price in escrow.

iii) Commercial and Residential Buildings

Revenue is treated as operating income from the date when substantial occupancy has been achieved.

iv) Other Income Producing Properties

Revenue is recognized as follows:

Peat operations — at date of shipment

Recreational activities — at time of performance of service.

e) Depreciation and amortization is provided on the basis of:

i) Income Properties

a) Sinking fund at 5% over the following periods:

Shopping centre properties ....30 years

Other commercial and residential properties ....40 years

b) Straight-line basis at varying rates in respect of other income producing properties.

ii) Financing Costs

Straight-line basis over the term of the related financing (or earlier redemption).

The financial statements include:

i) The accounts of the Company and all its subsidiaries.

ii) The Company's proportionate share of the assets, liabilities, revenue and expenses of incorporated and unincorporated joint ventures.

All subsidiaries acquired have been treated as purchases, and assets and liabilities have been included on the basis of assigned values at acquisition date. Accordingly, in respect of the subsidiary not wholly-owned, the resulting minority interest includes a proportion of the assigned values.

The Company has provided an amount of $30 million which represents management's best estimate of the reduction in economic or net realizable value of certain assets which reflects the following:

a) The Company's hotel project in downtown Montreal, delayed by numerous strikes, was temporarily closed down in late 1976. Construction will not be resumed until financing is arranged. The economic value of the project is dependent on the availability of financing and the profitability of operations on completion. In view of estimated costs to completion of a further $35 million a significant reduction in value has been provided.

b) Although the estimated net realizable value of the Company's land held for development, in aggregate, is in excess of cost, the cost of certain parcels at December 31, 1976 exceeds the estimated net realizable value due primarily to unsettled conditions in the Province of Quebec.

	Commercial & Residential Buildings	Other Income Producing Properties	1976 Total	1975 Total
	($000's)	($000's)	($000's)	($000's)
Building and equipment	$44,353	$24,287	$68,640	$65,932
Less accumulated depreciation	1,626	2,506	4,132	2,679
	42,727	21,781	64,508	63,253
Land	1,330	978	2,308	2,981
Construction in progress	16,624	—	16,624	23,531
	$60,681	$22,759	$83,440	$89,765

a) The Company's share of assets and liabilities of joint ventures included on a line by line basis in these financial statements is:

	1976 ($000's)	1975 ($000's)
Land held for development	$6,037	$10,981
Land under development	2,147	2,935
Residential properties under construction	685	2,005
Accounts and mortgages receivable	8,583	11,388
Other	77	590
	17,529	27,899
Liabilities	6,594	12,972
Equity	$10,935	$14,927

b) The Company's share of gross operating revenue included in these financial statements is $10,044,000 (1975—$26,108,000) of which $9,420,000 (1975—$25,585,000) relates to sale of land and houses. Net earnings are $653,000 (1975—$2,030,000).

Apart from current (trade) receivables, these are substantially all receivable under mortgage and land sales agreements, carrying an average interest rate of 8.26% and mature as follows:

	(in $000's)
1977	$ 1,974
1978	13,803
1979	7,504
1980	2,423
1981	2,139
1982 and thereafter	14,904
	42,747
Current (trade) receivables and accrued interest	6,570
	$49,317

	1976 $000's	1975 $000's
Peat operations inventory (at the lower of cost and net realizable value)	$2,889	$2,816
Unamortized financing costs	973	1,118
Furniture, fixtures and equipment	514	624
Sundry investments	877	905
Prepaid expenses	252	152
Other	209	253
	$5,714	$5,868

These are secured on specific assets and bear an average interest rate of 10.44%. Repayment periods by relevant asset security classification are as follows:

(In $000's)

	Income Properties	Land Under Development and Residential Properties Under Construction	Land Held for Development	Other	Total
1977	$ 2,915	$ 284	$ 5,703	$12,000	$ 20,902
1978	2,640	1,751	11,238	5,500	21,129
1979	15,104	1,251	4,861	1,120	22,336
1980	3,667	1,055	2,213	—	6,935
1981	5,006	532	2,102	—	7,640
1982 and thereafter	42,717	10,892	2,289	—	55,898
	$72,049	$15,765	$28,406	$18,620	$134,840

	$000's
a) 8% Convertible Subordinated Debentures (Authorized $3,885,500) due January 15, 1989. Redeemable at Company's option at premium of 4.2% on or before January 14, 1977 decreasing to par in 1988. Convertible into common shares prior to January 15, 1979 (50 shares per $1,000 principal). Subject to annual sinking fund requirement commencing January 15, 1980, which will require annual payments of $380,000. (see note 11 b)	$ 3,800
b) 9½% First Mortgage Sinking Fund Bonds (Authorized $6,000,000) due April 1, 1990, secured by a first fixed and specific mortgage on certain lands and a first floating charge on the undertaking and other assets of the Company. Redeemable April 1, 1990 or earlier at the option of the Company at a premium of 4.8% to April 1, 1977 decreasing to par in 1989, subject to annual sinking fund payments of $54,000.	1,012
c) 8½% Secured Debentures (Authorized $8,000,000) due April 15, 1984, secured by a fixed and specific charge on certain assets and a floating charge on the undertaking and other assets of the Company ranking pari passu with the floating charge securing the 9½% Bonds. Redeemable on April 15, 1978 on election by holder after April 14, 1977 and before October 15, 1977 and thereafter at the option of the Company at a premium of 8½% to April 15, 1979 decreasing to par in 1984. Subject to annual sinking fund requirements commencing April 15, 1979 which will require annual payments of $600,000.	8,000
d) 11¾% Secured Debentures (Authorized $10,000,000) due December 15, 1985, secured by a fixed and specific mortgage on certain lands and a floating charge on the undertaking and other assets of the Company. Redeemable on January 15, 1981 (on election by holder after January 15, 1980 and before July 15, 1980) and thereafter at the option of the Company at a premium of 3.95% to December 14, 1981 decreasing to par at December 15, 1983. Subject to a commitment by the Company to acquire for redemption in the market or by tender at prices not exceeding 99.5% annual amounts of $400,000 par value up to December 15, 1979 and annually thereafter 4% of the principal amount outstanding at January 15, 1981.	10,000
	$22,812

Bank loans are secured by fixed charges on certain assets of the Company and by assignment of accounts and mortgages receivable and inventories.

a) Unissued shares have been reserved at December 31, 1976 for:

	Shares
i) Conversion of 8% Debentures	190,025
ii) Stock options to officers and employees	150,000
	340,025

Stock options outstanding at December 31, 1976 are as follows:

Expiry Date	Exercise Price Per Share	No. of Shares
1977	$10.00	10,000
1979	10.00	81,000
1980	10.00	25,000
1981	6.30	15,000
		131,000

b) Dividend Restrictions

The trust deeds securing the funded debt impose certain restrictions on payment of dividends to shareholders. The principal requirement is that no dividends may be paid when shareholders' equity is less than $10,000,000. A more restrictive provision attached to the Convertible Subordinated Debentures was removed effective July 16, 1976, at which time the interest rate on these Debentures was increased from 7% to 8%.

Estimated costs to be incurred to complete income property construction in progress at December 31, 1976 excluding Montreal hotel project (see Note 3) amount to $6,000,000. Financing has been arranged to cover substantially all of these costs.

The Company is contingently liable for its associates' share of obligations in unincorporated joint ventures amounting to approximately $2,750,000 at December 31, 1976. In each case, the associates' share of the assets is available and is adequate to meet such obligations.

a) Net (loss) earnings per share calculated on the average number of shares outstanding during the year are ($3.82) in 1976 and $1.35 in 1975.
The 1976 loss per share is after provision for reduction in value of assets. The effect of this provision has been to reduce 1976 earnings per share from $1.56 to a loss of $3.82.

b) i) Interest costs have been allocated as follows: ($000's)

		1976		1975
Land		$ 5,427		$ 6,228
Income and residential properties under construction		3,845		2,052
		9,272		8,280
Cost of sales		3,441		2,571
Interest expense:				
Income properties	5,763		5,813	
General	2,507	8,270	1,552	7,365
Expensed during the year		11,711		9,936
Total interest costs		$20,983		$18,216

ii) During the year $2,048,000 (1975 – $2,144,000) has been allocated to land and construction in progress in respect of real estate taxes and administrative costs.

c) Remuneration paid during the year to senior officers of the Company amounted to $537,000 (1975 – $561,000) and to Directors of the Company $10,000 (1975–$10,000).

d) The Company is subject to, and believes it is complying with, the Federal Government's Anti-Inflation Legislation, which became effective October 14, 1975. This legislation regulates changes in prices, profits, compensation and dividends.

e) Certain of the 1975 comparative figures have been reclassified to conform with the 1976 presentation.

77 City Centre Drive
Mississauga, Ontario
L5B 1M6
Telephone (416) 270-7000

S.B. McLaughlin Associates Limited

For immediate release
August 24, 1976

For information contact:
R.C. Duquette (270-7000)

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NEWS RELEASE

(Camcorp

The half-yearly results to June 30, 1976 for S.B. McLaughlin Associates Limited, Mississauga, Ontario show gross revenue of $30,618,000 as compared to $22,435,000 for the same period in ~~1976~~ 1975.

Net earnings for the first six months of 1976 were $1,166,000 or 40¢ per share as compared to $950,000 or 32¢ per share in 1975.

S.B. McLaughlin, President, announced that during the second quarter the Company had experienced increased sales activity and this trend was expected to continue through to year end.

Servicing of the Company's recently registered plan of subdivision in Mississauga incorporating 121 acres is well underway and sale of this property has commenced.

Construction and leasing of the 250,000 sq. ft. atrium office building in Mississauga City Centre is on target with an anticipated Spring 1977 opening.

Construction progress on the new 100 passenger aerial tramway for the Company's subsidiary, Grouse Mountain Resorts, in British Columbia is expected to be fully operative for the approaching ski season.

Mr. McLaughlin added that progress on several new and major projects are proceeding well, with good prospects for increased activity over the next several years. Included in this category are the Company's holdings in Caledon, Montreal, Halton Hills, and Vancouver.